

Introduction to the Special Issue on Revisiting Convergence

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Special Issue Editors

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The topic of economic convergence has been widely analyzed in the literature, and hence papers dealing with convergence are among the most read and cited in the economic literature from the seminal papers in this area (Solow, 1956; Baumol, 1986; Romer, 1986; Lucas, 1988; Barro, 1991; Mankiw, Romer and Weil, 1992¹). Despite a tremendous literature, this topic continues attracting researchers from several disciplines (not only from economics) as new theory and empirical evidence are needed to better understand the complex patterns of areas regarding mainly income and growth, but also other dimensions of economic activities, such as inflation, productivity, taxation, etc.

This special issue contributes to our knowledge of convergence of various forms and applied on various indicators. To that purpose, it comprises several interesting contributions with the following main findings :

The first paper, entitled “Structural funds and regional growth: conditions for improving efficiency” and authored by **Carlos Pinho**, **Celeste Varum** and **Micaela Antunes**, investigates the structural funds’ effectiveness for cohesion promotion within the European Union. They analyze the role of EU transfers for growth on a panel of 138 regions in the period 1995-2009 and they conclude that the funds’ effects are not instantaneous and that their effects over time are intimately related to the level of human capital in the region.

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¹ For surveys see Durlauf and Quah (1999), Islam (2003), De Groot and Florax (2005) and Eberhardt and Teal (2011).

The second contribution, by **Nicolas Péridy**, **Mohamed Hazem** and **Marc Brunetto Peridy**, is “Some new insights into real convergence in MENA countries’ regional areas: a spatial econometric analysis”. These authors carry out a spatial econometric analysis of real income convergence in MENA countries with a special focus on the impact of climate change. The results show that the hypothesis of regional convergence is generally accepted in most MENA countries. However, the convergence process is slow and climate change in MENA countries is likely to further slowdown this process.

In the next paper, “Does the neoclassical growth model predict interregional convergence? On the impact of free factor movement and the implications for the European Union”, **Sascha Sardadvar** sets up a theoretical model of regional growth with free factor movement. His analysis shows that factor endowments are crucial for a region’s attractiveness regarding factor relocations. The major finding of the paper is that under the framework of free factor movement, the European Union’s objective of interregional convergence can only be achieved by subsidising disadvantaged economies.

Vincenzo Scoppa, in his article entitled “Technological catch-up or neoclassical convergence? Identifying the channels of convergence for Italian regions”, investigates the channels of convergence of the Italian regions by combining growth accounting with convergence regressions. The paper shows that convergence has been realized mainly thanks to technological catch-up and, to some extent, through human capital accumulation. On the other hand, physical capital has been a factor of divergence.

Finally, **Stefan Schneck** and **André Pahnke** contributes with the paper entitled “Regional development of employed persons receiving unemployment benefits in Germany. An analysis of convergence across Federal States”. They study the so-called Unemployment Benefit II, directed to long-term unemployed and employed persons if the total income is below a legally binding subsistence level. They conclude that German federal states generally drift apart regarding employed recipients of this benefit and encourage researchers and policy makers to consider these regional differences in working for reducing poverty.

We would strongly like to acknowledge the efforts of authors and referees to achieve this high-quality issue devoted to convergence and we hope that it will be useful to researchers on this topic and policy-makers.

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